

CARTER COMMUNITY DEVELOPMENT DISTRICT
Annual Financial Statements

As of and for the Years Ended, December 31, 2004 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-28-07

LEROY J. CHUSTZ
CERTIFIED PUBLIC ACCOUNTANT
A Professional Accounting Corporation

Carter Community Development District
Annual Financial Statements
As of and for the Years Ended, December 31, 2004 and 2005
With Supplemental Information Schedules

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Independent Auditor's Report on the Basic Financial Statements

Carter Community Development District
Post Office Box 1402
Springfield, LA 70462

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Carter Community Development District, as of and for the years ended December 31, 2004 and 2005, which collectively comprise the District's Basic Financial Statements as listed in the table of contents. These financial statements are the responsibility of the Carter Community Development District, management. My responsibility is to express my opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Carter Community Development District, as of December 31, 2004 and 2005, and the respective changes in financial position and cash flows, where applicable, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated January 30, 2007, on my consideration of the Carter Community Development District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis, and budgetary comparison information on pages 6 through 10, and 41 through 42 of this report are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Leroy J. Chustz
Certified Public Accountant
January 30, 2007



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Required Supplemental Information (Part I)

Management's Discussion and Analysis

**Carter Plantation Community Development District
Management's Discussion and Analysis
For the Years Ended December 31, 2004 and December 31, 2005**

Our discussion and analysis of Carter Plantation Community Development District (the "District") financial performance provides an overview of the District's financial activity for the periods ended December 31, 2004 and December 31, 2005. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the years ended December 31, 2004 and December 31, 2005 include the following:

- The assets of the District exceeded its liabilities at December 31, 2005 by \$582,643.81 (net assets) and at December 31, 2004 by \$884,451.61. The majority of this amount is related to the investment in capital assets and the related bonds payable. Unrestricted assets of the District were \$(74,660.60) and \$(31,499.34) for the years then ended in 2005 and 2004, respectively.
- The District's total net assets decreased \$301,807.80 in 2005 and increased \$884,451.61 in 2004.
- Operating Revenues for 2005 were \$35,089.28 and \$24,410.73 for 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements which are the proprietary fund financial statements and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Proprietary fund financial statements

The statement of net assets presents information on all of the District's assets less liabilities, which results in net assets. The statement is designed to display the financial position of the District. Over time, increases or decreases in net assets helps determine whether financial position is improving or deteriorating.

The statement of activities provides information that shows how the District's net assets changed as a result of the year's activities. The statement uses accrual basis of accounting, similar to private-sector businesses. All changes in net assets are reported as soon as the underlying event giving rise to the revenue or expense occurs, regardless of when the cash is received or paid.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund and it is categorized as a proprietary fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

STATEMENT OF ACTIVITIES

The following table reflects the statement of activities for the years ended December 31, 2005 and December 31, 2004.

Operating Revenues	<u>2004</u>	<u>2005</u>
Charges for services-Water Service	\$ 6,200.66	17,516.52
Charges for services-Sewer Service	1,960.07	7,047.76
Charges for services - Sewer Tap Fees	7,637.50	4,950.00
Charges for services - Water Tap Fees	8,612.50	5,575.00
Total Operating Revenues	<u>24,410.73</u>	<u>35,089.28</u>
Operating Expenses		
Utility Service Operating Expenses - Water	25,024.57	22,922.34
Utility Service Operating Expenses - Sewer	7,902.50	9,362.64
Depreciation Expense - Water	10,659.00	21,317.52
Depreciation Expense - Sewer	12,324.00	24,648.04
Total Operating Expenses	<u>55,910.07</u>	<u>78,250.54</u>
Operating Income	<u>(31,499.34)</u>	<u>(43,161.26)</u>
Nonoperating Revenues (Expenses)		
Refunds	1,853.78	2,874.23
Charges for services - Capital Asset Projects	1,292,839.93	633,392.76
Interest earnings - Capital Projects	2,686.28	272,782.40
Interest expense - Capital Projects	(286,810.00)	(987,888.75)
Depreciation Expense	(80,614.38)	(111,080.46)
Bond issuance expense - Capital Projects	(14,004.66)	(68,726.72)
Total Nonoperating Revenues (Expenses)	<u>915,950.95</u>	<u>(258,646.54)</u>
Change in Net Assets		
Change in Net Assets - Water	(20,870.41)	(21,148.33)
Change in Net Assets - Sewer	(10,628.93)	(22,012.93)
Change in Net Assets - Capital Projects	<u>915,950.95</u>	<u>(258,646.54)</u>
Change in Net Assets - Total	<u>884,451.61</u>	<u>(301,807.80)</u>
Total Net Assets-Beginning - Water	-	(20,870.41)
Total Net Assets-Beginning - Sewer	-	(10,628.93)
Total Net Assets-Beginning - Capital Projects	-	915,950.95
Total Net Assets Beginning	<u>0.00</u>	<u>884,451.61</u>
Total Net Assets - Water	(20,870.41)	(42,018.74)
Total Net Assets - Sewer	(10,628.93)	(32,641.86)
Total Net Assets - Capital Projects	<u>915,950.95</u>	<u>657,304.41</u>
Total Net Assets-Ending	<u>884,451.61</u>	<u>582,643.81</u>

The utility revenues (water and sewer services) for 2005 increased due to more customers being

served by the utility system. Charges for services – Capital Asset Projects will fluctuate reflective of sales of lots subject to assessment. Utility operating cost remained constant over the course of the years presented. Interest earnings increased due to the balances held by the Trustee for debt service and capital acquisition payments.

SUMMARY OF ASSETS, LIABILITIES AND NET ASSETS

The following table provides a summary of the assets, liabilities and net assets for the years ended December 31, 2004 and December 31, 2005.

	2004 BUSINESS-TYPE ACTIVITIES	2005 BUSINESS-TYPE ACTIVITIES
ASSETS		
Cash - Water	\$ 3,298.21	\$ 3,244.85
Cash - Sewer	1,041.54	1,325.66
Restricted assets - Cash Equivalents - Capital Projects	1,851,680.10	747,742.78
Restricted assets - Investments - Capital Projects	0.00	10,187,149.85
Receivables - Water	2,702.59	4,976.62
Receivables - Sewer	911.05	2,933.13
Assessment Receivable - Capital Projects	5,152,610.07	19,769,538.81
Capital assets (net) - Capital Projects	5,579,406.98	10,842,210.96
Underwriter's Discount - Capital Projects	130,525.00	432,564.37
Bond Issuance Cost - Capital Projects	191,582.09	545,033.88
Prepaid Items - Water	4,150.82	106.50
Prepaid Items - Sewer	1,310.79	43.50
TOTAL ASSETS	12,919,219.24	42,536,870.91
LIABILITIES		
Accounts Payable - Water	6,214.94	889.18
Accounts Payable - Sewer	1,962.62	(212.69)
Customer Deposits - Water	900.00	1,312.50
Customer Deposits - Sewer	1,000.00	1,625.00
Accrued Bond Interest - Capital Projects	62,080.00	226,074.00
Deferred Revenues - Capital Projects	5,152,610.07	19,769,538.81
Bonds Payable -Maturity of more than one year- Capital Projects	6,810,000.00	21,955,000.00
TOTAL LIABILITIES	12,034,767.63	41,954,226.80
NET ASSETS		
Invested in Capital Assets, net of related debt	(1,291,650.11)	(10,366,835.30)
Restricted for:		
Capital projects		9,613,807.10
Debt service - Capital Projects	2,207,601.06	1,410,332.61
Unrestricted		
Unrestricted- Water	(20,870.41)	(42,018.74)
Unrestricted - Sewer	(10,628.93)	(32,641.86)
TOTAL NET ASSETS	\$ 884,451.61	\$ 582,643.81

Restricted investments and the related dividend and income receivable increased due to amounts

on deposit with the Trustee. These are held for debt service payments and capital project acquisition. Receivables and deferred revenue increased due to the issuance of debt and the related special assessments. Bonds payable with maturity of greater than one year increased due to the issuance of bonds for Series 2005A and 2005B.

CAPITAL ASSETS SUMMARY

The following is a summary of the District's capital assets as of December 31, 2004 and December 31, 2005

	Balance 12/31/2004	Balance 12/31/2005
Capital Assets - Not Depreciated		
Right of Ways	\$ 424,865.17	\$ 1,948,858.03
Land for Sewer Plant	22,409.39	75,479.12
Land for Water Well	13,832.34	13,832.34
Ponds & Lakes	-	393,777.41
Carter House - Land	-	680,000.00
Carter House - Historical Portion	-	228,695.97
Total Capital Assets Not Depreciated	<u>461,106.90</u>	<u>3,340,642.87</u>
Capital Assets - Depreciated		
Carter House & Renovations		96,064.03
Roads & Storm Water Systems	4,044,836.36	6,489,086.36
Sewer System	616,110.79	616,110.79
Water System	560,950.31	560,950.31
Total Capital Assets - Depreciated	<u>5,221,897.46</u>	<u>7,762,211.49</u>
Less: Accumulated Depreciation		
Carter House & Renovations	-	(1,200.80)
Roads & Storm Water Systems	(80,054.38)	(188,813.56)
Sewer System	(12,324.00)	(36,972.04)
Water System	(11,219.00)	(33,657.00)
Total Accumulated Depreciation	<u>(103,597.38)</u>	<u>(260,643.40)</u>
Capital Assets Being Depreciated	<u>5,118,300.08</u>	<u>7,501,568.09</u>
Total Capital Assets, Net	<u>\$ 5,579,406.98</u>	<u>\$ 10,842,210.96</u>

Capital assets and related depreciation increased due to the acquisitions of infrastructure.

DEBT MANAGEMENT

In 2004, the District issued \$6,810,000.00 Series 2004 Special Assessment Bonds. In 2005, the District issued \$15,000,000.00 2005A Special Assessment bonds and \$1,770,000.00 2005B Special Assessment Bonds. These bonds were issued to fund the construction, installation and acquisition of master infrastructure improvements in the District. As of December 31, 2005 \$21,955,000.00 (exclusive of cost of issuance and bond discount cost) was outstanding.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopted and General Fund budget for 2004 and 2005. As the District does not have a General Fund, budgeted revenues exceeded actual revenues by 100% for both years and budgeted expenditures exceeded actual expenditures exceeded by 100%. The Budgetary comparison can be found in the Supplemental Information section. The District does not anticipate adopting a General Fund budget until such time it has a General Fund.

CURRENT AND EXPECTED CONDITIONS

Presently, the Carter Plantation Community Development District's Supervisors are not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the District in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District at 30325 Carter Cemetery Road, Springfield, LA 70462.

Basic Financial Statements
Government-Wide Financial Statements

Carter Plantation Community Development District

Statement A

**Statement of Net Assets
December 31, 2004 and 2005**

	2004	2005
	Business - Type	Business - Type
	Activities	Activities
Assets		
Cash and Cash Equivalents	\$ 4,339.75	\$ 4,570.21
Restricted assets - Cash Equivalents	1,851,680.10	747,742.78
Restricted assets - Investments	-	10,187,149.85
Receivables	3,613.64	7,909.75
Assessment Receivable	5,152,610.07	19,769,538.81
Capital assets (net)	5,579,406.98	10,842,210.96
Underwriter's Discount	130,525.00	432,564.37
Bond Issuance Costs	191,582.09	545,033.88
Prepaid Items	5,461.61	150.00
Total Assets	12,919,219.24	42,536,870.61
Liabilities		
Accounts Payable	8,177.56	676.49
Customer Deposits	1,900.00	2,937.50
Accrued Bond Interest	62,080.00	226,074.00
Deferred revenues	5,152,610.07	19,769,538.81
Bonds payable - Maturity of more than one year	6,810,000.00	21,955,000.00
Total Liabilities	12,034,767.63	41,954,226.80
Net Assets		
Invested in Capital Assets, Net of Related Debt	(1,291,650.11)	(10,366,835.30)
Restricted for:		
Capital projects	-	9,613,807.10
Debt service	2,207,601.06	1,410,332.61
Unrestricted	(31,499.34)	(74,660.60)
Total Net Assets	\$ 884,451.61	\$ 582,643.81

The accompanying notes are an integral part of this financial statement.

Carter Plantation Community Development District

Statement B

**Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2004 and 2005**

Operating Revenues	2004	2005
Charges for services - Water Service	\$ 6,200.66	\$ 17,516.52
Charges for services - Sewer Services	1,960.07	7,047.76
Charges for services - Water Tap Fees	7,637.50	4,950.00
Charges for services - Sewer Tap Fees	<u>8,612.50</u>	<u>5,575.00</u>
	<u>24,410.73</u>	<u>35,089.28</u>
 Operating Expenses		
Utility Service Operating Expenses - Water	25,024.57	22,922.34
Utility Service Operating Expenses - Sewer	7,902.50	9,362.64
Depreciation Expense - Water	10,659.00	21,317.52
Depreciation Expense - Sewer	<u>12,324.00</u>	<u>24,648.04</u>
 Total Operating Expenses	<u>55,910.07</u>	<u>78,250.54</u>
 Operating Income (Loss)	<u>(31,499.34)</u>	<u>(43,161.26)</u>
 Nonoperating Revenues (Expenses)		
Refunds	1,853.78	2,874.23
Collections of Lot Assessments	1,292,839.93	633,392.76
Interest Income	2,686.28	272,782.40
Bond Issue Costs Amortization	(14,004.66)	(68,726.72)
Debt Service - Interest Expense	(286,810.00)	(987,888.75)
Depreciation Expense - Infrastructure	<u>(80,614.38)</u>	<u>(111,080.46)</u>
 Total Nonoperating Revenues (Expenses)	<u>915,950.95</u>	<u>(258,646.54)</u>
 Change in Net Assets	<u>884,451.61</u>	<u>(301,807.80)</u>
 Total Net Assets - Beginning	0.00	884,451.61
 Total Net Assets - Ending	\$ <u>884,451.61</u>	\$ <u>582,643.81</u>

The accompanying notes are an integral part of this financial statement.

Carter Plantation Community Development District

Statement C

**Statement of Cash Flows
For the Year Ended December 31, 2004 and 2005**

Cash Flows From Operating Activities	2004	2005
Received From Customers and Users	\$ 15,335.48	\$ 36,104.78
Received From Meter Deposit Fees	1,900.00	1,037.50
Paid for Operations	<u>(24,749.51)</u>	<u>(39,786.05)</u>
Net Cash Provided (Used) by Operating Activities	<u>(7,514.03)</u>	<u>(2,643.77)</u>
Cash Flows From Capital and Related Financing Activities		
Paid for Capital Acquisitions	(5,983,819.02)	(6,203,683.07)
Received from refund on Bond Issuance Costs	1,853.78	2,874.23
Received for charges for services provided	1,292,839.93	633,392.76
Purchase of Investments - Capital Projects		(10,187,149.85)
Paid for Underwriters Discount	(130,525.00)	(302,039.37)
Accrued Bond Interest	62,080.00	163,994.00
Paid for Bond Issuance Costs	<u>(191,582.09)</u>	<u>(353,451.79)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,949,152.40)</u>	<u>(16,246,063.09)</u>
Cash Flows From Investing Activities		
Received from the Issuance of Bonds	6,810,000.00	15,145,000.00
Received from Interest on Investments	<u>2,686.28</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>6,812,686.28</u>	<u>15,145,000.00</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,856,019.85</u>	<u>(1,103,706.86)</u>
Cash and Cash Equivalents, Beginning of Year	<u>0.00</u>	<u>1,856,019.85</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,856,019.85</u>	<u>\$ 752,312.99</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Total Operating Income (Loss)	\$ <u>(31,499.34)</u>	\$ <u>(43,161.26)</u>
Depreciation and Amortization Expense - Operating	<u>22,983.00</u>	<u>45,965.56</u>
(Increase) Decrease in Accounts Receivable - Water & Sewer	(3,613.64)	(4,296.11)
(Increase) Decrease in Customer Deposit - Water & Sewer	1,900.00	1,037.50
(Increase) Decrease in Prepaid Items - Water & Sewer	(5,461.61)	5,311.61
(Increase) Decrease in Accounts Payable - Water & Sewer	<u>8,177.56</u>	<u>(7,501.07)</u>
	<u>1002.31</u>	<u>(5,448.07)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(7,514.03)</u>	\$ <u>(2,643.77)</u>

The accompanying notes are an integral part of this financial statement.

Basic Financial Statements

Notes to the Financial Statements

Carter Plantation Community Development District
Notes to the Financial Statements
December 31, 2004 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"Community Development District" or "District" means a special district as provided in Article VI, Section 19 of the Constitution of Louisiana, which is created pursuant to this Chapter and limited to the performance of those specialized functions authorized by this chapter, the boundaries of which are contained wholly within a single parish; the governing head of which is a body created, organized and constituted and authorized to function specifically as prescribed in this Chapter for the delivery of community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by general law.

A. Reporting Entity

Carter Plantation Community Development District, Town of Springfield, State of Louisiana (the "District") is a public corporation and community development district organized and existing under the provisions of Chapter 27-B of Title 33 of the Louisiana Statutes of 1950, as amended, specifically La. RS. 33:9039.11 through 9039.37, inclusive (the "Act"), and pursuant to L.P. Ordinance 02-41 duly adopted by the Council Members of the Livingston Parish Council (primary government), State of Louisiana, effective on January 9, 2003 (the "Ordinance"), which District is comprised of and includes all of the immovable property situated within the described boundaries.

Pursuant to the provisions of the Act, the District is authorized to finance, fund, plan, establish, acquire construct or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the following: (1) water management and control for the lands on the District, including the connection of some or any of such facilities with road and bridges; (2) water supply, sewer and wastewater management, reclamation and refuse, or any combination thereof, (3) bridges or culverts that may be needed across any drain, ditch, canal, floodway, holding basin, excavation, public highway, tract, grade, fill or cut and roadways over levees and embankment; and (4) roads and streets in the District.

The District is authorized by the Act to levy and collect non-ad valorem special assessments against all immovable property situated in the District that is subject to assessment as a result of the projects to finance, fund, plan, establish, acquire, construct, or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the District. The Board of the District shall exercise the powers granted to the District pursuant to this Chapter. The board shall consist of five members; except as otherwise provided herein, each member shall hold for a term of four years and until a successor is chosen and qualifies. The initial members of the board shall be residents of the state, and at least one of the initial members shall be a resident of the area immediately adjacent to the District. Commencing six years after the initial appointment of members, the positions of each member whose term has expired shall be filled by a qualified elector of the District, elected by the qualified electors of the district in accordance with Title 18 of the Louisiana Revised Statutes of 1950.

Members of the board shall be known as supervisors and, upon entering into office shall take an oath of office. They shall hold office for the term for which they were elected or appointed and until their

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

successors are chose and qualified. If, during the term of office, a vacancy occurs, the remaining members of the board shall fill the vacancy by an appointment for the remainder of the unexpired term.

A majority of the members of the board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. Actions taken by the District shall be upon vote of a majority of the members present unless general law or a rule of the district requires a greater number.

The District is an entity administered by a Board of Supervisors ("Board") that acts as the authoritative and legislative body of the entity. The Board is compromised of five board members, serving a term of four years. Of the five, two are elected as officers of the District; Chair (person) and Secretary. Each Officer serves a term of four years.

The Board of Supervisors appoints the Chairman of the Board from existing board members. The Chair's responsibilities are to preside at all meeting of the board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the District, its officers and employees.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14 "The Financial Reporting Entity", in that the financial statements include all organizations, activities, and functions that compromise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and whether (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden, on the District. Using these criteria, the District has no component units.

B. Government-wide and fund financial statements

The government -wide financial statements (i.e., the statement of net assets and the statements of changes in net assets) report information on all of the nonfiduciary activities of the component unit government.

The statement of activities, demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) changes to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grant and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District has no governmental funds and only one proprietary fund.

The District reports the following proprietary fund:

Enterprise Fund - Accounts for transactions relating to infrastructure development, contracting, debt, assessments, and other matters requiring commitment for more than one fiscal year. This fund also accounts for financial resources associated with the utility operations of the District.

Revenues and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility

Carter Plantation Community Development District
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requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

D. Cash and Cash Equivalents

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash received by the District is deposited into demand deposits and daily investment accounts. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Investments". For presentation in the financial statements, investments in the Money Market Accounts are considered to be cash equivalents.

E. Restricted Assets

Restricted assets are cash, cash equivalents and investments whose use is limited by legal requirements. Restricted cash, cash equivalents and investments represent amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds. Restricted cash, cash equivalents and investments also represent special assessment proceeds restricted for completion of the District's infrastructure projects. The Trustee, pursuant to the Master Indenture Agreement, has established accounts for the following purposes:

- a) *Interest Funds*- An account used to transfer funds to pay interest payments.
- b) *Principal Funds*- An account used to transfer funds to pay principal payments.
- c) *Debt Service Reserve Fund*- An account funded from bond proceeds used to replenish the interest and principal accounts in case of deficiency or to pay debt service if no other money is lawfully available (i.e. insurance proceeds).
- d) *Acquisition and Construction Fund*- Account to which bond proceeds are deposited. Payments are to be made for any unpaid issuance cost and cost of planning, financing, acquisition, construction, reconstruction, equipping and installation of the applicable Project. Before any disbursements are made from this fund, the Issuer must file with the Trustee a fully executed requisition.
- e) *Capitalized Interest Fund*- used to fund bond interest during the construction period.

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
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- f) *Cost of Issuance Fund*- used to pay costs associated with the sales of the bonds.
- g) *Revenue Fund*- Account to which special assessments are deposited. These special assessments are not the prepayments which are deposited into the Prepayment Account.
- h) *Prepayment Fund*- account in which prepaid assessments are deposited.
- i) *Rebate Fund*- account used to make all rebate payments to the United States of America pursuant to the Arbitrage Rebate Covenants.
- j) *Bond Redemption Fund*- account into which all funds from special assessments and acquisition and construction monies are deposited.

Each bond issue has the following accounts, set up by the Trustee and the amounts in these accounts are restricted to the use as the account dictates.

December 31, 2004 Balances

2004 Bond Issue	
Interest Fund	\$ 0.00
Principal Fund	0.00
Debt Service Fund	375,287.57
Acquisition and Construction Fund	0.00
Capitalized Fund	182,876.95
Cost of Issuance Fund	9,410.15
Principal Prepayment Fund	<u>1,284,105.43</u>
Total 2004 Bond Issue	<u>\$ 1,851,680.10</u>

December 31, 2005 Balances

2004 Bond Issue	
Interest Fund	\$ 228.82
Principal Fund	0.00
Debt Service Reserve Fund	380,450.99
Capitalized Interest Fund	264.76
Cost of Insurance Fund	9,583.79
Principal Prepayment Fund	<u>144,126.60</u>
Total 2004 Bond Issue	<u>\$ 534,654.96</u>

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
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2005A Bond Issue

Interest Fund	\$	0.00
Principal Fund		0.00
Debt Service Reserve Fund		1,540,267.68
Acquisition and Construction Fund		7,010,751.05
Capitalized Interest Fund		1,183,111.48
Cost of Issuance Fund		9,191.26
Principal Prepayment Fund		0.00
Total 2005A Bond Issue	\$	<u>9,743,321.47</u>

2005B Bond Issue

Interest Fund	\$	0.00
Principal Fund		0.00
Debt Service Reserve Fund		178,292.69
Acquisition and Construction Fund		334,872.54
Capitalized Interest Fund		139,605.04
Cost of Issuance Fund		4,145.93
Principal Prepayment Fund		0.00
Total 2005B Bond Issue	\$	<u>656,916.20</u>

Total Restricted Assets \$10,934,892.63

Reserve Requirement

Bond Issue	Date	Requirement	Amount
2004	12/31/2004	\$ 374,500.00	\$ 375,287.57
2004	12/31/2005	\$ 374,500.00	\$ 380,450.99
2005A	12/31/2005	\$ 1,500,000.00	\$ 1,540,267.68
2005B	12/31/2005	\$ 177,000.00	\$ 178,292.69

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

F. Interfund Transaction

The District accounts for all activities in one fund, therefore there are no interfund transactions.

G. Capital Assets

General capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated</u>
Land, Right of Ways, Lakes and Ponds	N/A
Roads, Streets and Drainage	40
Utility Plants & Systems	25
Fire Hydrant	25

H. Intergovernmental Revenues

For governmental fund, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

I. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

The District estimates all items, except for revenues. The utility portion of the financial statements were allocated as either water or sewer expense. In 2004, combined expenses were allocated 76% to water and 24% were allocated to sewer expense. In 2005, combined expenses were allocated 71% to water and 29% were allocated to sewer expense.

K. Assessment Methodology

The District uses an Assessment Methodology Consultant to determine and establish the special assessment that will be levied against all assessable property in the District. The Consultant determines that the assessments will be an amount sufficient to pay all interest that is expected to become due on the District's outstanding bonds (the "Bonds"), to fund any sinking fund requirements on the bonds, to fund any reserve required by the Bond indenture, and to pay all expenses relating to the Bonds.

The benefitted assessment cost allocation is derived by calculation the equivalent residential lot usage of infrastructure improvements for all properties eligible for assessment and applying a factor weighted to each lot's appraised value in an amount sufficient to cover the cost of financing the infrastructure acquisitions improvements.

The District's Special Assessments are a type of non-ad valorem benefit special assessments which are levied against District Lands based upon the special benefit to accrue to such District Lands as a result of the implementation of the Projects. Non-ad valorem assessments are not based upon millage and can become a lien against homestead property as permitted under the provisions of the Act. The methodology used to establish and determine the benefit special assessments which will pay the cost of the Project has been presented to and approved by the Board of Supervisors of the District and is set forth in the Allocation of Infrastructure Cost & Assessment Methodology Report (the "Allocation of Infrastructure Cost & Assessment Methodology Report") prepared by King, Bossier, Nosacka & Holley, the Assessment Methodology Consultant to the District.

The term "Special Assessment" means (a) the net proceeds derived from the levy and collection of "special assessments", as provided for in La. R.S. 33:9039.29 (A) of the Act (except for any such special assessments levied and collected for maintenance purposes), against the lands located within the District that are subject assessments regarding the Phase I Project or any portion thereof, and (b) the net proceeds derived from the levy and collection of "benefit special assessments", as provided for in La. R.S. 33:9039.29(A) of the Act, against the lands within the District that are subject to assessment regarding the Phase I Project or any portion thereof, and in case of both "special assessments" and "benefit special assessments", including the interest and penalties on such assessments, pursuant to all applicable provisions of the Act (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax deeds with respect to such assessments. "Special Assessments" shall not include "maintenance special assessments", if any, levied and collected by the Issuer under the Act.

L. Prepaid Items

Prepaid items reflect items that have been paid that benefit future periods.

M. Special Bond Provisions

The Series 2004, 2005A and 2005B bonds are limited obligations of the District payable solely from and secured by the pledge and assignment of and lien upon the pledged revenues pursuant to the indenture and neither the property, the full faith and credit, nor the taxing power of the District, the Parish, the State of Louisiana, or any political subdivision thereof, is pledged as security for the

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

payment of the Bonds, except that the District is obligated under the indenture and the Act to levy and to evidence and certify, or cause to be certified, for collection, special assessments to secure and pay the Bonds. The Bonds do not constitute an indebtedness of the District, the Parish, the State of Louisiana, or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation.

The Series 2004, 2005A and 2005B Bonds authorized under the indenture and the obligation evidenced thereby shall not constitute a lien upon any property of the District, including, without limitation, the project or any portion thereof in respect of which such Bonds are being issued, or any part thereof, but shall constitute a lien only on the pledged revenues as set forth in the indenture. Nothing in the Bonds authorized under the indentures or in the indentures shall be construed as obligating the District to pay the Bonds or the redemption price thereof or the interest thereon except from the pledged revenues, or as pledging the faith and credit of the District, the Parish or the State of Louisiana or any political subdivision thereof, or as obligating the District, the Parish or the State of Louisiana or any of its political subdivisions, directly or indirectly or contingently, to levy (except for the special assessments levied by the District) or to pledge any form of taxation whatever therefore.

2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

GAAP requires that proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

3. CASH & INVESTMENTS

The District's deposits of \$4,339.75 at December 31, 2004 and \$4,570.21 at December 31, 2005 were fully insured by federal depository insurance or collateralized by pledged securities of the depository bank.

The District is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies.

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 provides for investments insured or registered, or securities held by the District or its agents in the District's name. Category 2 provides for uninsured and unregistered securities held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the District's name.

In 2005, the Hancock Bank, as the District's Trustee, entered into guaranteed investment contracts (GICs) with Rabobank International (Provider) and Bayerische Landesbank (Provider) to invest certain

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

moneys held by the Trustee as per the Indenture Agreement. The investments are recorded at cost which is equal to the fair market value.

The guaranteed investment contract with Bayerische (Provider) is for an initial deposit of \$1,677,000.00 with a 3.90% rate of earnings per annum. This agreement terminates at the first occurrence of; a) withdrawal of all the invested moneys, b) the date no bonds remain outstanding or, c) May 1, 2010.

The guaranteed investment contract with Rabobank International is for an initial deposit \$11,389,773.23 with a 3.16% rate of earnings per annum. This agreement terminates on May 1, 2007. The interest payments are made two times per year.

The above mentioned GICs are not categorized under GASB 3 credit risk categories for investments because the GICs are not evidenced by securities that exist in physical or book entry form. The GICs are not required to be collateralized except in the event that the ratings of the Providers by either Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("S&P") or Moody's Investors Services, Inc. ("Moody's") fall below "AA-" or "Aa3", respectively. If such a "ratings event" occurs, the Provider(s) shall promptly, but in no event later than five (5) business days thereafter, notify the Trustee and the District of such a ratings event and may, at its option i) collateralize the agreement(s) as set forth in the agreement(s) or ii) assign its rights and obligations under this agreement(s) to an entity that has the required ratings and that is reasonably acceptable to the Trustee. In the event the Provider does not take action to collateralize or assign the agreement(s) by the thirtieth day (30th) day after the Provider is notified of the ratings event, then the Trustee shall have the right, but not the obligation, to terminate the agreement(s) and withdraw all funds then held by the Provider(s) together with all accrued and unpaid earnings thereon.

2004

Type of Investments	Total Bank Balance	Custody Credit Risk Category			Not Required To Be Collateralized	Total Carrying Value
		1	2	3		
Demand Deposits	\$ 4,339.75	\$ 4,339.75	-	-	-	\$ 4,339.75
Trust Accounts	1,851,680.10	-	-	-	\$ 1,851,680.10	1,851,680.10
Total	\$ 1,856,019.85	\$ 4,339.75	-	-	\$ 1,851,680.10	\$ 1,856,019.85

The District had no investments, excluding cash and cash equivalents at December 31, 2004.

2005

Type of Investments	Total Bank Balance	Custody Credit Risk Category			Not Required To Be Collateralized	Total Carrying Value
		1	2	3		
Demand Deposits	\$ 4,570.21	\$ 4,570.21	-	-	-	\$ 4,570.21
Trust Accounts	747,742.78	-	-	-	747,742.78	747,742.78
Guaranteed investment contracts	10,187,149.85	-	-	-	\$ 10,187,149.85	10,187,149.85
Total	\$ 10,939,462.84	\$ 4,570.21	-	-	\$ 10,934,892.63	\$ 10,939,462.84

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

The District's Investments, excluding cash and cash equivalents at December 31, 2005 are summarized below:

<u>Investment</u>	<u>Maturity Year</u>	<u>1 - 5 Years to Maturity</u>
GIC- Rabobank	2007	\$ 8,499,249.35
GIC - Bayerschic	2010	1,687,900.50
Total		<u>\$ 10,187,149.85</u>

4. BENEFIT AND MAINTENANCE SPECIAL ASSESSMENTS

Levy of Maintenance Special Assessment

Pursuant to the provisions of Section 9039.29 (B) of the Act, there was levied, a special assessment of \$10,000 on all unsold immovable property located in the District to pay the operating and maintenance expenses of the District for the year ending December 31, 2004. All other requirements and/or formalities regarding the levy and collection of special assessments have been expressly waived by the developer and are hereby waived by this Board of Supervisors.

Amendment of Maintenance Special Assessment

The levy of the Maintenance Special Assessment made pursuant to Original 2005 Levy Resolution was amended from \$5,000 to \$10,000 and the Original Levy for 2005 was amended as set forth above.

Levy of Benefit Special Assessments

Pursuant to the provisions of the Act, particularly Section 9039.29 (A), this Board hereby determines, orders, and levies the annual installment for year 2005 and 2004 regarding the Special Benefit Assessments on all specially benefitted immovable property in the District, all as specified on the Assessment Schedule. The board shall annually determine, order and levy the annual installment of the total benefit special assessments for bonds issued and related expenses to finance district facilities and projects which are levied under state law. These assessments may be due and collected during each year that parish taxes are due and collected, in which case such annual installment and levy shall be evidences and certified to the assessor by the board not later than August 31, of each year, and such assessment shall be entered by the assessor on the parish tax rolls, and shall be collected and enforced by the tax collector in the same manner and at the same time as parish taxes, and the proceeds thereof shall be paid to the district. The District Board has opted to collect its own assessments and does not utilize the parish assessor nor tax collector

At the time of sale of the property subject to the Special Assessments the owner shall prepay the special assessments and extinguish the lien upon its property by paying to the Issuer on the date of the sale the entire amount of the assessment plus accrued interest as calculated and certified to the Trustee in the appropriate Interest Account of the Debt Service Fund. The amount of the assessment will be deposited by the Trustee into the appropriate Prepayment Account.

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

Enforcement of Lien Nonpayment

Collection of the Special Assessment levied under this Ordinance will be enforceable in the manner provided by law, particularly the provisions of Sections 9039.29 and 9039.30 of the Act. Special Assessments constitute a lien on the property against which assessed until paid and shall be on parity with the lien of state, parish, municipal and school board taxes a lien in favor of the district arising under RS 33:9039.30 may be enforced by the district in a court of competent jurisdiction as provided by law. Such proceedings may be brought at any time after the expiration of one year from the date of any tax, or installment thereof, becomes delinquent.

5. ASSESSMENTS RECEIVABLE

The assessments levied for the 2004 bonds were \$6,435,450. This represents the bond par value of \$6,810,000 less the amount for the debt service reserve of \$374,550. The assessments levied for the 2005A bonds were \$13,500,000. This represents the bond par value of \$15,000,000 less the amount for the debt service reserve of \$1,500,000. The assessment levied for the 2005B bonds were \$1,593,000. This represents the bond par value of \$1,770,000 less the amount for the debt reserve of \$177,000.

The assessments levied have been accounted for in accounts receivable and deferred revenue. At the time the assessment are prepaid, the amount in the corresponding accounts and reduced by the prepayment.

2004

The amount in assessments receivable at the end of December 31, 2004 is as follows:

Original assessment:	\$ 6,435,450.00
Paid in 2004	<u>(1,282,839.93)</u>
Balance of Assessments Receivable 2004 Bond Issue	<u>\$ 5,152,610.07</u>

2005

The amount in assessments receivable at the end of December 31 2005 is as follows:

2004 Bond Issue

Beginning Balance:	\$ 5,152,610.07
Paid in 2005	<u>476,071.26</u>
Balance of Assessments Receivable 2004 Bond Issue	<u>\$ 4,676,538.81</u>

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

2005A Bond Issue

Original Assessment:	\$ 13,500,000.00
Paid in 2005	<u>0.00</u>
Balance of Assessments Receivable 2005A Bond Issue	<u>\$ 13,500,000.00</u>

2005B Bond Issue

Original Assessment	\$ 1,593,000.00
Paid in 2005	<u>0.00</u>
Balance of Assessment Receivable 2005B Bond Issue	<u>\$ 1,593,000.00</u>

Combined 2004, 2005A and 2005B Issue

Balance of Assessments Receivable at December 31, 2005	<u>\$ 19,769,538.81</u>
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6. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

2004

	Balance 12/31/03	Increases	Decreases	Balance 12/31/04
Capital Assets Not Being Depreciated:				
Right of Ways	- \$ 424,865.17		- \$ 424,865.17	
Land for Sewer Plant	- 22,409.39		- 22,409.39	
Land for Water Well	- 13,832.34		- 13,832.34	
Total Capital Assets Not Being Depreciated	<u>- 461,106.90</u>		<u>- 461,106.90</u>	
Capital Assets Being Depreciated:				
Roads and Storm Water Systems	- 4,044,836.36		- 4,044,836.36	
Sewer System	- 616,110.79		- 616,110.79	
Water System	- 560,950.31		- 560,950.31	
Total Capital Assets - Depreciated	<u>- 5,221,897.46</u>		<u>- 5,221,897.46</u>	
Less Accumulated Depreciation For:				
Roads and Storm Water Systems	- (80,054.38)		- (80,054.38)	
Sewer System	- (12,324.00)		- (12,324.00)	
Water System	- (11,219.00)		- (11,219.00)	
Total Accumulated Depreciation	<u>- (103,597.38)</u>		<u>- (103,597.38)</u>	
Capital Assets Being Depreciated, Net	<u>- 5,118,300.08</u>		<u>- 5,118,300.08</u>	
Total Capital Assets, Net	<u>- \$ 5,579,406.98</u>		<u>- \$ 5,579,406.98</u>	

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

2005

	<u>Balance</u> <u>12/31/04</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/05</u>
Capital Assets Not Being Depreciated:				
Right of Ways	\$ 424,865.17	\$ 1,523,992.86	-	\$ 1,948,858.03
Land for Sewer Plant	22,409.39	53,069.73	-	75,479.12
Land for Water Well	13,832.34	-	-	13,832.34
Ponds and Lakes	-	393,777.41	-	393,777.41
Carter House - Land	-	680,000.00	-	680,000.00
Carter House - Historical Portion	-	228,695.97	-	228,695.97
Total Capital Assets Not Being Depreciated	<u>461,106.90</u>	<u>2,879,535.97</u>	<u>-</u>	<u>3,340,642.87</u>
Capital Assets Being Depreciated:				
Carter House and Renovations	-	96,064.03	-	96,064.03
Roads and Storm Water Systems	4,044,836.36	2,444,250.00	-	6,489,086.36
Sewer System	616,110.79	-	-	616,110.79
Water System	560,950.31	-	-	560,950.31
Total Capital Assets - Depreciated	<u>5,221,897.46</u>	<u>2,540,314.03</u>	<u>-</u>	<u>7,762,211.49</u>
Less Accumulated Depreciation For:				
Carter House and Renovations	-	(1,200.80)	-	(1,200.80)
Roads and Storm Water Systems	(80,054.38)	(108,759.18)	-	(188,813.56)
Sewer System	(12,324.00)	(24,648.04)	-	(36,972.04)
Water System	(11,219.00)	(22,438.00)	-	(33,657.00)
Total Accumulated Depreciation	<u>(103,597.38)</u>	<u>(157,046.02)</u>	<u>-</u>	<u>(260,643.40)</u>
Capital Assets Being Depreciated, Net	<u>\$ 5,118,300.08</u>	<u>\$ 2,383,268.01</u>	<u>-</u>	<u>\$ 7,501,568.09</u>
Total Capital Assets, Net	<u>\$ 5,579,406.98</u>	<u>\$ 5,262,803.98</u>	<u>-</u>	<u>\$ 10,842,210.96</u>

7. BOND ISSUE AND BOND DISCOUNT COSTS

Bond issuance and discount cost are amortized over the life of the bonds using the straight-line method. The changes in bond issuance and discounts are as follows:

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

Cost of Issuance
2004

	Balance at 12/31/03	Additions	Deletions	Balance at 12/31/04
2004 Bond Issue	-	\$ 199,911.75	-	\$ 199,911.75
Less: Amortization	-	(8,329.66)	-	(8,329.66)
Total	-	\$ 191,582.09	-	\$ 191,582.09

Cost of Issuance
2005

	Balance at 12/31/04	Additions	Deletions	Balance at 12/31/05
2004 Bond Issue	\$ 199,911.75	-	-	\$ 199,911.75
2005A Bond Issue	-	\$ 348,145.77	-	348,145.77
2005B Bond Issue	-	38,057.11	-	38,057.11
Less: Amortization	(8,329.66)	(32,751.10)	-	(41,080.76)
Total	\$ 191,582.09	\$ 353,451.78	-	\$ 545,033.87

Bond Discount
2004

	Balance at 12/31/03	Additions	Deletions	Balance at 12/31/04
2004 Bond Issue	-	\$ 136,200.00	-	\$ 136,200.00
Less: Amortization	-	(5,675.00)	-	(5,675.00)
Total	-	\$ 130,525.00	-	\$ 130,525.00

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

Bond Discount
2005

	Balance at 12/31/04	Additions	Deletions	Balance at 12/31/05
2004 Bond Issue	\$ 136,200.00	-	-	\$ 136,200.00
2005A Bond Issue	-	\$ 292,500.00	-	292,500.00
2005B Bond Issue	-	34,515.00	-	34,515.00
Less: Amortization	(5,675.00)	(24,975.63)	-	(30,650.63)
Total	<u>\$ 130,525.00</u>	<u>\$ 302,039.37</u>	<u>-</u>	<u>\$ 432,564.37</u>

8. LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during the period consist of:

2004

	Principal Outstanding 12/31/03	Additions	Reductions	Principal Outstanding 12/31/04
2004 Bond Issue	-	\$ 6,810,000.00	-	\$ 6,810,000.00
Total	-	<u>\$ 6,810,000.00</u>	-	<u>\$ 6,810,000.00</u>

2005

	Principal Outstanding 12/31/04	Additions	Reductions	Principal Outstanding 12/31/05
2004 Bond Issue	\$6,810,000.00	-	\$(1,625,000.00)	\$ 5,185,000.00
2005A Bond Issue	-	\$ 15,000,000.00	-	15,000,000.00
2005B Bond Issue	-	1,770,000.00	-	1,770,000.00
Total	<u>\$6,810,000.00</u>	<u>\$ 16,770,000.00</u>	<u>\$(1,625,000.00)</u>	<u>\$ 21,955,000.00</u>

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

Future Requirements
2004 Bond Issue

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	-	\$ 285,175.00	\$ 285,175.00
2007	-	285,175.00	285,175.00
2008	605,000.00	285,175.00	890,175.00
2009	635,000.00	251,900.00	886,900.00
2010	675,000.00	216,976.00	891,976.00
2011-2015	<u>3,270,000.00</u>	<u>486,476.00</u>	<u>3,756,476.00</u>
Total	<u>\$ 5,185,000.00</u>	<u>\$ 1,810,877.00</u>	<u>\$ 6,995,877.00</u>

Future Requirements
2005A & 2005B Bond Issue

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 0.00	\$ 989,430.00	\$ 989,430.00
2007	0.00	989,430.00	989,430.00
2008	1,280,000.00	951,721.00	2,231,721.00
2009	1,355,000.00	873,939.00	2,228,939.00
2010	1,430,000.00	791,781.00	2,221,781.00
2011-2015	8,540,000.00	2,545,560.00	11,085,560.00
2016-2020	<u>4,165,000.00</u>	<u>249,128.00</u>	<u>4,414,128.00</u>
Total	<u>\$ 16,770,000.00</u>	<u>\$ 7,390,989.00</u>	<u>\$ 24,160,989.00</u>

This Board of Supervisors duly adopted on November 6, 2002, (the "Initial Resolution") authorizing the issuance of not exceeding \$10,000,000 aggregate principal amount of its Carter Plantation Community Development District, Springfield, State of Louisiana, Special Assessment Bonds, Series (To Be Designated), in one or more series, on one or more issuance dates (collectively, the "Bonds"), in order to pay all or a portion of the design, acquisition and construction costs of certain infrastructure improvements from time to time constructed, established, or installed in the District, including Phase I of the development plan for the District, which Bonds will be issued pursuant to the Act and a Master Trust Indenture dated as March 1, 2004 (the "Master Trust Indenture") entered into between the District and Hancock Bank of Louisiana as Trustee (the "Trustee").

The Master Trust Indenture was amended, dated as of April 1, 2005, to include provisions for the issuance of the Special Assessment Bonds, Series 2005-A, in the aggregate principal amount of \$15,000,000 and issuances of the Special Assessment Bonds 2005-B in the aggregate principal amount of \$1,770,000.

All bond issues are collateralized by the pledged revenues of special assessments levied against the benefitted property. The District is not obligated in any manner for the special assessment debt.

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

2004 Bonds were issued as single term bond and shall bear interest and mature in principal amount on May 1 as set forth below, subject to the right of prior redemption in accordance with their terms:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2016	\$ 6,810,000.00	5.5%

2005A Bonds were issued as a single term bond and shall bear interest and mature in principal amount on May 1 as set forth below, subject to the right of prior redemption in accordance with their terms:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2017	\$ 15,000,000.00	5.9%

2005B Bonds were issued as a single term bond and shall bear interest and mature in principal amount on May 1 set forth below, subject to the right of prior redemption in accordance with their terms:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST</u>
2017	\$ 1,770,000.00	5.9%

In May of 2005 the District made an unscheduled principal payment of \$1,625,000 on the Series 2004 bonds. The debt service schedule was revised to reflect the payment.

9. CONSTRUCTION COMMITMENTS

The District has no outstanding contracts for professional and contract services, as of December 31, 2005 or December 31, 2004.

10. RISK MANAGEMENT

The District is exposed to carious risks of loss related to torts, damage to, and theft or destruction, of assets, errors and omissions and natural disaster. During 2004 and 2005 the District contracted with the Clarendon America Insurance Company for liability and property coverage. Coverage provided by the company is as follows:

Public Officials & Employment Practices Liability	\$ 500,000.00
Commercial General Liability	\$ 2,000,000.00
Products-Completed Operation	\$ 2,000,000.00
Property	\$ 150,000.00
Contents	\$ 50,000.00

Carter Plantation Community Development District
Notes to the Financial Statements (continued)
December 31, 2004 and 2005

The District was only insured for the Public Officials and Employment Practices Liability from September 1, 2004 to September 1, 2005. The District elected not to renew this coverage after the policy period.

11. RELATED PARTIES

Certain board members are employed by the Developer of the District. Some board members and/or their families are land owners in the District. One board member is employed by the bank at which the District has its operating checking account.

12. CONTINGENCIES

As of December 31, 2005, according to legal council, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

13. PER DIEM PAID TO BOARD MEMBERS

The following is a schedule of compensation paid to board members of the Carter Communication Development District for the years ended December 31, 2004 and 2005:

2004

<u>Board Member</u>	<u>Amount</u>
Gillis Windham	\$ 150.00
Ann Maddry	150.00
Byron Wild	150.00
Ed Tinsley	150.00
Michael Boies	<u>150.00</u>
Total	<u>\$ 750.00</u>

2005

<u>Board Member</u>	<u>Amount</u>
Gillis Windham	\$ 350.00
Ann Maddry	350.00
Byron Wild	250.00
Ed Tinsley	250.00
Michael Boies	100.00
Kristen Sharp	<u>100.00</u>
Total	<u>\$ 1,400.00</u>

Required Supplemental Information (Part II)

Carter Plantation Community Development District
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2004

Schedule 1

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Assessment Revenue	\$ 5,000.00	\$ 10,000.00	\$ 0.00	\$ (10,000.00)
Utility Revenue	5,000.00	36,085.00	0.00	(36,085.00)
Total Revenues	<u>10,000.00</u>	<u>46,085.00</u>	<u>0.00</u>	<u>(46,085.00)</u>
Expenditures				
Accounting	0.00	800.00	0.00	(800.00)
Insurance	4,000.00	4,340.00	0.00	(4,340.00)
Office Expenses	0.00	800.00	0.00	(800.00)
Per Diem	1,000.00	2,000.00	0.00	(2,000.00)
Total Utility Expenses	<u>5,000.00</u>	<u>29,900.00</u>	<u>0.00</u>	<u>(29,900.00)</u>
Total Expenditures	<u>10,000.00</u>	<u>37,840.00</u>	<u>0.00</u>	<u>(37,840.00)</u>
Excess of Revenues Over Expenditures	0.00	8,245.00	0.00	(8,245.00)
Net Change in Fund Balance	0.00	8,245.00	0.00	(8,245.00)
Fund Balance (Deficit) at Beginning of Year	0.00	0.00	0.00	0.00
Fund Balance (Deficit) at End of Year	\$ <u>0.00</u>	\$ <u>8,245.00</u>	\$ <u>0.00</u>	\$ <u>(8,245.00)</u>

**Carter Community Development District
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2005**

Schedule 2

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Assessment Revenue	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Utility Revenue	119,004.00	119,004.00	0.00	(119,004.00)
Other Revenue	0.00	0.00	0.00	0.00
Total Revenues	<u>119,004.00</u>	<u>119,004.00</u>	<u>0.00</u>	<u>(119,004.00)</u>
Expenditures				
Accounting	35,004.00	35,004.00	0.00	(35,004.00)
Insurance	13,728.00	13,728.00	0.00	(13,728.00)
Lawn Cutting	34,800.00	34,800.00	0.00	(34,800.00)
Legal Expenses	1,200.00	1,200.00	0.00	(1,200.00)
Licenses & Permits	600.00	600.00	0.00	(600.00)
Miscellaneous	1,248.00	1,248.00	0.00	(1,248.00)
Office Expenses	1,200.00	1,200.00	0.00	(1,200.00)
Per Diem	3,000.00	3,000.00	0.00	(3,000.00)
Street Cleaning	2,400.00	2,400.00	0.00	(2,400.00)
Total Utility Expenses	<u>25,560.00</u>	<u>25,560.00</u>	<u>0.00</u>	<u>(25,560.00)</u>
Total Expenditures	<u>118,740.00</u>	<u>118,740.00</u>	<u>0.00</u>	<u>(118,740.00)</u>
Excess of Revenues Over Expenditures	264.00	264.00	0.00	(264.00)
Net Change in Fund Balance	264.00	264.00	0.00	(264.00)
Fund Balance (Deficit) at Beginning of Year	0.00	0.00	0.00	0.00
Fund Balance (Deficit) at End of Year	<u>\$ 264.00</u>	<u>\$ 264.00</u>	<u>\$ 0.00</u>	<u>\$ (264.00)</u>

Carter Plantation Community Development District
Notes to the Budget
December 31, 2004 and 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District adopted budgets for the General Fund of the primary government. On April 14, 2004, the District approved the original adopted 2004 budget reflected in the financial statements. On June 8, 2004 the District amended the 2004 as reflected in the financial statements. On December 22, 2004, the District adopted the budget for 2005.

In 2004 and 2005 the District has no General Fund; therefore, the budgeted revenues exceed the actual revenues by 100%. This is a violation of the State Budget statute. The actual expenditures were 100% less than budgeted.

The Master Trust Indenture between the District and Hancock Bank of Louisiana, Section 9.18, requires the District to adopt a budget as required by applicable law. Because the District has only a proprietary fund, no budget is required by statute. However, the Trust Indenture goes on to state that the District will adopt a budget for payment of anticipated operating and maintenance expenses. The potential conflict with the Indenture and the applicable law will be addresses by the District and Trustee to resolve any conflicts.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Carter Community Development District
Post Office Box 1402
Springfield, LA 70462

I have audited the basic financial statements of the Carter Plantation Development District, as of and for the years ended December 31, 2004 and 2005, and have issued my report thereon dated January 30, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Carter Plantation Development District financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Carter Plantation Development District internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

I noted certain matters that I reported to management of Carter Plantation Community Development District in a separate letter dated January 30, 2007.

This report is intended for the information of the management of the Carter Plantation Development District, the Legislative Auditor, and the cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.

Leroy J. Chustz

Certified Public Accountant, APAC
January 30, 2007

**Carter Community Development District
Schedule of Findings and Questioned Costs
Year Ended December 31, 2004 and 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Carter Communication Development District.
2. No reportable conditions were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance was disclosed during the audit of the basic financial statements.
4. There were no federal awards received by Carter Communication Development District.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

C. COMPLIANCE AND INTERNAL CONTROL FINDINGS

None

D. FINDINGS - FEDERAL PROGRAMS

None

**Carter Communication Development District
Status of Prior Audit Findings
For The Years Ended December 31, 2004 and 2005**

This audit of the years ended, December 31, 2004 and 2005, is the first audit of the Carter Community Development District.

**Carter Plantation Community Development District
Comments and Suggestions
Years Ended December 31, 2004 and 2005**

Management Letter Points:

Timely Completion of Audit

The audit should have been completed and issued prior to December 31, 2006 (extended date) however, the audit was not completed until January 30, 2007. All future audits should be completed no later than six months after the close of the fiscal year.

Budgetary Accounting

The District adopted a general fund budget however all transactions were accounted for in an enterprise, business-type activity fund. Under the Local Government Budget Act a budget is not required for an enterprise fund. However, a budget is required by the Master Trust Indenture (MTI), Section 9.18. The District should adopt an annual budget until the MTI is amended.

Fidelity Bond Coverage

The District did not maintain fidelity bond coverage as required by the Master Trust Indenture Section 9.23. The District should obtain such coverage or amend the MTI.

Carter Plantation Community Development District
P O Box 1406
Springfield, LA 70462

Office of Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804

February 13, 2007

RE: Carter Plantation Community Development District
Response to Management Letter

Dear Sir or Madam:

In reference to points in the Management Letter for the years ended December 31, 2004 and 2005, management's response is as follows:

Timely Completion of Audit – Management will have future audits completed in a timely manner.

Budgetary Accounting – Management, recognizing the fact that the Master Trust Indenture and the Louisiana Budget Act are in conflict, management will pursue amending the indenture to remove such conflict.

Fidelity Bond Coverage – Management will immediately seek fidelity bond coverage.

If you have any questions, please feel free to contact me at (225) 931-1607

Sincerely,



Tracie Esworth